# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:587
ANSWERED ON:26.02.2016
Allocation of Funds to Panchayats
Rai Shri Nityanand

**Will the Minister of FINANCE be pleased to state:**

(a) whether it is a fact that presently the fund is being allocated to all the Panchayats uniformally irrespective of the population of Panchayat;

(b) if so, the details thereof; and

(c) whether the Government proposes to allocate funds in proportion to population of every village Panchayat?

## Answer

MINISTER OF STATE FOR FINANCE
(SHRI JAYANT SINHA)

(a) to (c): The local bodies grants are released to Gram Panchayats through their respective State Governments as per the recommendations and allocations made by the respective Finance Commissions. Presently, the recommendations of the Fourteenth Finance Commission (FFC) are being implemented. FFC, during its award period of 2015-2020, has inter-alia, recommended distribution of grants to the States using 2011 population data with weightage of 90 per cent and area with weightage of 10 per cent. FFC has worked out the total size of the grant amounting to Rs. 2,87,436 crore for the period from 01-4-2015 to 31-3-2020, constituting an assistance of Rs. 488 per capita per annum at an aggregate level. Of this, the grant recommended for panchayats (rural local bodies) is Rs. 2,00,292.2 crore. The earmarked basic grants for gram panchayats is envisaged to be distributed, using the formula prescribed by the most recently approved State Finance Commission (SFC) for the distribution of resources. However, in case the SFC formula is not available, then the share of each gram panchayat as specified above is envisaged to be distributed across the entities using 2011 population with a weight of 90 per cent and area with a weight of 10 per cent.
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